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SENSITIVE

STATE FOR D, S/SECC, G, OES/EGC AND EAP/J
DEPT PASS CEQ
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TAGS: [SENV](#) [ENRG](#) [PREL](#) [KGHG](#) [JA](#)

SUBJECT: CLIMATE CHANGE: STAKEHOLDERS DIFFER ON JAPAN'S
MIDTERM TARGET

REF: TOKYO 604

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¶1. (SBU) Summary: Prime Minister Aso intends to announce Japan's midterm greenhouse gas reduction target by mid-June in order to use it at the G8 Summit/MEF and in the UNFCCC negotiations. There remain wide differences over the size of an appropriate target, however, among the various climate/energy stakeholders within Japan. Both the opposition Democratic Party of Japan (DPJ) and ruling coalition's junior partner New Komeito have called for a 25 percent reduction in emissions by 2020. Nevertheless, in what could be a nod to domestic industry concerns, Environment Minister Saito of New Komeito has backed off his call for a 25 percent cut in emissions by 2020. Japanese industry remains divided, with the most influential business association and some labor unions calling for an increase in Japan's emissions, while other business groups advocate modest reductions. An academic expert, and many climate watchers in the media, believe a seven percent reduction target would have support domestically and give Japan a good negotiating position once additional reductions from the purchase of international carbon credits and other factors are included. End summary.

¶2. (U) Prime Minister Aso told a meeting of a GOJ global warming advisory panel May 24 that he will announce Japan's midterm (2020) greenhouse gas (GHG) reduction target by mid-June and intends to use the target as part of Japan's efforts in the G8 and MEF meetings and in the UNFCCC talks in Copenhagen. Aso will choose from six different targets the expert panel proposed in April: a) plus 4 percent, b) from plus 1 to minus 5 percent, c) minus 7 percent, d) from minus 8 to minus 17 percent, e) minus 15 percent, and f) minus 25 percent. All targets use 1990 as the base year. According to the expert panel report, each target was calculated based on different assumptions. For example, the plus four percent target assumes only the extension of current energy conservation efforts through 2020, while the minus 25 percent target assumes upgrading of almost all capital equipment, including existing stock, with the most advanced energy saving technology. According to an opinion poll on mid-term targets conducted for the Cabinet Secretariat, 45.4 percent of respondents favored the seven percent target, with the other targets getting no more than 16 percent support. Both the opposition DPJ and ruling coalition junior partner New Komeito include a 25 percent reduction target in their

respective party platforms.

Industry Divided; Keidanren Maintains Conservative Stance

¶3. (SBU) Keidanren, Japan's most influential business association, supports the plus four percent target and, along with over 50 other industry groups and labor unions representing various industries, took out full page ads in major newspapers May 21 claiming that the plus four percent target is the only feasible target that will guarantee international fairness. A Keidanren official reports that because Japan already had a very energy efficient economy in 1990, Japan would pay the same marginal abatement costs to attain a plus four percent target as the EU would pay to attain a 20 percent cut in emissions or for the U.S. to return to 1990 levels. (Note: Keidanren's Board works on a consensus basis. Embassy understands steel interests were able to play a major role in determining Keidanren's position as a result. End Note.)

¶4. (SBU) There are significant differences of opinion among industry groups. The Japan Association of Corporate Executives (Keizai Doyukai) supports a minus seven percent target. The Japan Automobile Manufacturers Association supports a target in the range of plus one percent to minus five percent.

Environment Minister Backs off Most Aggressive Target

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¶5. (SBU) Within Japan's government, Environment Minister Tetsuo Saito (New Komeito Party) has been the most outspoken in advocating an aggressive mid-term target. While in the past he has called for a 25 percent cut by 2020, in a May 26 interview he favored the minus 15 percent target. A Ministry of Environment (MOE) official told ESToff the 25 percent figure is problematic since it would require a decrease in domestic steel production. While a Ministry of Economy, Trade, and Industry (METI) official would not comment on which target will be chosen, he reported the MOFA, MOE, and METI ministers could meet with the Chief Cabinet Secretary before any decision is made (see ref for Japan's climate policymaking process).

Climate Policy Expert: Odds Favor Seven Percent Target

¶6. (SBU) Climate policy expert Professor Shouchan Asuka-Zhang told ESToff PM Aso will likely choose the minus seven percent target, an opinion echoed in several recent news articles. (Note: According to the expert panel report, the scenario for this target assumes the introduction of the most advanced energy saving technology, but only for new equipment, or in the normal replacement of old stock. End note) However, Asuka said the targets the PM's expert panel presented did not take into account factors such as forest absorption or credits purchased through UNFCCC-approved programs such as the Clean Development Mechanism. With additional reductions from those factors, Asuka thinks a minus seven percent target for domestic emissions could mean at least a ten percent drop under UNFCCC calculations, which could be a reasonable position for Japan to hold in international negotiations.

¶7. (SBU) Regarding Keidanren's claims about the "fairness" of the plus four percent target, Asuka said he doubts the legitimacy of the marginal abatement costs cited by Keidanren, saying the figures come from a METI think tank and that no other organization uses the figures.

ZUMWALT